

Senate File 2387 - Introduced

SENATE FILE _____
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SF 2240)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to permissible prizes for use of an electrical
2 and mechanical amusement device and the penalties for awarding
3 an improper cash prize.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6034SV 82
6 ec/nh/5

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1 1 Section 1. Section 99B.10, subsection 1, paragraphs a and
1 2 b, Code Supplement 2007, are amended to read as follows:
1 3 a. ~~A prize of merchandise~~ Merchandise exceeding ~~five fifty~~
1 4 dollars in value shall not be awarded for use of the device.
1 5 However, a mechanical or amusement device may be designed or
1 6 adapted to award a prize or one or more free games or portions
1 7 of games without payment of additional consideration by the
1 8 participant.
1 9 b. A prize of cash shall not be awarded for use of the
1 10 device, except as provided in paragraph "bb".
1 11 Sec. 2. Section 99B.10, subsection 1, Code Supplement
1 12 2007, is amended by adding the following new paragraph:
1 13 NEW PARAGRAPH. bb. If a prize of merchandise is awarded
1 14 from a ticket valued at no more than five dollars and is
1 15 redeemed for less than the total value of the ticket, cash in
1 16 an amount of less than five dollars that represents the
1 17 difference between the total value of the ticket and the value
1 18 of the redeemed prize may be awarded.
1 19 Sec. 3. Section 99B.10, subsection 1, paragraph f, Code
1 20 Supplement 2007, is amended by adding the following new
1 21 subparagraph:
1 22 NEW SUBPARAGRAPH. (6) A distributor shall not be limited
1 23 in the number of electrical and mechanical amusement devices
1 24 registered by the department under this lettered paragraph
1 25 that the distributor may store for the sole purpose of future
1 26 placement or replacement of existing registered devices.
1 27 Sec. 4. Section 99B.10, subsection 2, Code Supplement
1 28 2007, is amended to read as follows:
1 29 2. A person who violates any provision of subsection 1,
1 30 except as specified in subsection 3, commits a serious
1 31 misdemeanor. However, a person who inadvertently awards cash
1 32 in an amount in violation of subsection 1, paragraph "bb",
1 33 shall be deemed to have not violated subsection 1, paragraph
1 34 "b".
1 35 Sec. 5. Section 99B.10, subsection 3, unnumbered paragraph
2 1 1, Code Supplement 2007, is amended to read as follows:
2 2 A person who violates any provision of subsection 1,
2 3 paragraph "a", "bb", "e", "g", "h", "i", "j", "k", or "m",
2 4 shall be subject to the following:
2 5 Sec. 6. Section 99B.10, Code Supplement 2007, is amended
2 6 by adding the following new subsection:
2 7 NEW SUBSECTION. 5. Notwithstanding any provision of this
2 8 section to the contrary, a distributor shall not be liable for
2 9 a violation of this section unless the distributor, or an
2 10 employee of the distributor, violates a provision of this
2 11 section.
2 12 Sec. 7. Section 99B.10B, subsection 2, Code Supplement
2 13 2007, is amended to read as follows:
2 14 2. a. The department shall revoke a registration issued
2 15 pursuant to section 99B.10 or 99B.10A, for a period of ten
2 16 years if a person commits an offense of awarding a cash prize
2 17 in violation of section 99B.10, subsection 1, paragraph "b",

2 18 or a second or subsequent offense of violating section 99B.10,
2 19 subsection 1, paragraph "bb", pursuant to rules adopted by the
2 20 department. A person whose registration is revoked under this
2 21 subsection who is a person for which a class "A", class "B",
2 22 class "C", special class "C", or class "D" liquor control
2 23 license has been issued pursuant to chapter 123 shall have the
2 24 person's liquor control license suspended for a period of
2 25 fourteen days in the same manner as provided in section
2 26 123.50, subsection 3, paragraph "a". A person whose
2 27 registration is revoked under this subsection who is a person
2 28 for which only a class "B" or class "C" beer permit has been
2 29 issued pursuant to chapter 123 shall have the person's class
2 30 "B" or class "C" beer permit suspended and that person's sales
2 31 tax permit suspended for a period of fourteen days in the same
2 32 manner as provided in section 123.50, subsection 3, paragraph
2 33 "a".

2 34 b. If a person owning or employed by an establishment
2 35 having a class "A", class "B", class "C", special class "C",
3 1 or class "D" liquor control license issued pursuant to chapter
3 2 123 commits an offense of awarding a cash prize in violation
3 3 of section 99B.10, subsection 1, paragraph "b", or a second or
3 4 subsequent offense of violating section 99B.10, subsection 1,
3 5 paragraph "bb", pursuant to rules adopted by the department,
3 6 the liquor control license of the establishment shall be
3 7 suspended for a period of fourteen days in the same manner as
3 8 provided in section 123.50, subsection 3, paragraph "a". If a
3 9 person owning or employed by an establishment having a class
3 10 "B" or class "C" beer permit issued pursuant to chapter 123
3 11 awards a cash prize in violation of section 99B.10, subsection
3 12 1, paragraph "b", pursuant to rules adopted by the department,
3 13 the beer permit of the establishment and the establishment's
3 14 sales tax permit shall be suspended for a period of fourteen
3 15 days in the same manner as provided in section 123.50,
3 16 subsection 3, paragraph "a". If a person owning or employed
3 17 by an establishment having a class "B" or class "C" beer
3 18 permit issued pursuant to chapter 123 commits a second or
3 19 subsequent offense of violating section 99B.10, subsection 1,
3 20 paragraph "bb", pursuant to rules adopted by the department,
3 21 the beer permit of the establishment shall be suspended for a
3 22 period of fourteen days in the same manner as provided in
3 23 section 123.50, subsection 3, paragraph "a".

3 24 EXPLANATION

3 25 This bill concerns permissible prizes from an electrical
3 26 and mechanical amusement device and the applicable penalties.

3 27 The bill increases the value of merchandise that can be
3 28 awarded from an electrical and mechanical amusement device
3 29 from a maximum of \$5 to a maximum of \$50. The bill also
3 30 provides that if a prize of merchandise is awarded from a
3 31 ticket valued at no more than \$5 and is redeemed for less than
3 32 the value of the ticket, cash in an amount of less than \$5
3 33 that represents the difference between the total value of the
3 34 ticket and redeemed prize can be awarded. Under current law,
3 35 no award of cash is allowed.

4 1 The bill provides that a first offense of awarding a cash
4 2 prize in violation of this new provision on redeemed prizes
4 3 shall be a simple misdemeanor, punishable as a scheduled
4 4 violation with a fine of \$250, and a second or subsequent
4 5 offense is a serious misdemeanor. The bill provides that a
4 6 person who inadvertently awards cash in an amount in violation
4 7 of the new provision allowing certain cash prizes does not
4 8 violate current restrictions on awarding a cash prize.

4 9 The bill provides that a distributor shall not be limited
4 10 in the number of registered amusement devices it stores for
4 11 future placement or replacement of existing registered
4 12 devices. In addition, the bill provides that a distributor
4 13 shall not be liable for a violation of Code section 99B.10
4 14 relative to amusement devices unless the distributor or an
4 15 employee of the distributor violates the Code section.

4 16 Code section 99B.10B(2), concerning the revocation of
4 17 registration and suspension of a liquor license or beer
4 18 permit, is amended to provide that the penalty for a second or
4 19 subsequent violation of awarding a cash prize in violation of
4 20 the new provision on redeemed prizes is revocation of the
4 21 registration for the electrical and mechanical amusement
4 22 device. The bill also provides that the penalty for a second
4 23 or subsequent violation of awarding a cash prize in violation
4 24 of the new provision on redeemed prizes by an establishment
4 25 with a liquor control license or beer permit is suspension of
4 26 the liquor control license or beer permit for 14 days.

4 27 LSB 6034SV 82

4 28 ec/nh/5

